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S E C R E T SECTION 01 OF 03 SANTIAGO 000324

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TAGS: [OVIP](#) [BIDEN](#) [JOSEPH](#) [PREL](#) [ECON](#) [PGOV](#) [SOCI](#) [UK](#) [PK](#)  
AF  
SUBJECT: VICE PRESIDENT BIDEN'S MARCH 27 MEETING WITH  
BRITISH PRIME MINISTER GORDON BROWN

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Classified By: Ambassador Paul Simons for reasons 1.4 (b/d).

[1](#)1. (U) March 28, 2009; 8:30 am; Vina del Mar, Chile.

[1](#)2. (U) Participants:

U.S.  
Joseph Biden, Vice President  
Antony Blinken, National Security Advisor to the  
Vice President  
Brian McKeon, Deputy National Security Advisor to  
the Vice President  
Brian Harris (notetaker), Political/Economic  
Officer, U.S. Embassy Guatemala City

United Kingdom  
Gordon Brown, Prime Minister  
Thomas Fletcher, Private Secretary to the Prime  
Minister  
Stuart Wood, Special Advisor to the Prime Minister  
Douglas Alexander, Secretary of State for  
International Development

[1](#)3. (C) Summary: During a bilateral meeting on the margins  
of the Progressive Governance Leaders Summit in Chile, Vice  
President Joseph Biden and British Prime Minister Gordon  
Brown discussed the economic crisis in terms of the upcoming  
G-20 Summit and Afghanistan and Pakistan. On economic  
issues, Brown pressed Vice President Biden to push the  
Germans to move forward with \$250 billion in special drawing  
rights (SDRs) for the IMF, to use IMF gold sales to support  
poorest countries and to take the initiative to restart  
sectoral negotiations related to Doha. On Pakistan and  
Afghanistan, Vice President Biden noted our increased troop  
commitment to Afghanistan and the need to lower expectations  
as to what is achievable in Afghanistan given enormous  
governance issues. End Summary.

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TRADE AND ECONOMIC ISSUES  
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[1](#)4. (C) PM Brown opened the meeting by thanking Vice  
President Biden for recent statement on revising the  
supervisory structure for the G-20.

[1](#)5. (C) Vice President Biden asked whether capital flight  
from developing countries would be high on the G-20 agenda  
and noted that Argentinean President Fernandez has requested  
additional assistance without the usual IMF conditionality.  
Brown responded that he was worried about capital flight,  
particularly in Eastern Europe. The current financial crisis

will test whether Eastern European nations have developed sufficiently strong institutions since the fall of communism to withstand the downturn politically and socially as well as economically. It is a test of whether freedom can be successfully combined with economic stability. IMF conditionality has long been an area of contention for Latin America and it is not surprising that Argentina would ask for preventative funds without conditions.

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BROWN PRESSES ON IMF AND TRADE  
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¶6. (C) Prime Minister Brown delivered several requests on economic issues to Vice President Biden. The first was the need to secure financing for an additional \$250 billion in Special Drawing Rights (SDRs) for the IMF to help vulnerable economies withstand the economic downturn. Brown commented that his understanding was this was an amount that the administration could support without the need to consult Congress. U.S. support on the issue would be particularly helpful with the Germans who, as yet, do not support additional SDRs. Parallel discussions were going on with China, Japan, Saudi Arabia, and several other Gulf nations to secure \$400 billion in additional financing. Rapid approval of the IMF portion would help catalyze these parallel negotiations.

¶7. (C) PM Brown also noted that the IMF was being forced to sell gold to raise funds to pay its administrative staff. There had been far fewer loan programs this decade than in the 1990s. The result was reduced revenue from countries repaying loans and a consequent budget shortfall. There is a

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pending sale of \$11 billion in IMF gold that should be used to help the poorest countries rather than pay IMF staff. The U.S. position had been that interest from gold reserves could be devoted to IMF programs, but that capital sales should not. PM Brown asked Vice President Biden to reconsider this position.

¶8. (C) PM Brown said successfully concluding the Doha round would be difficult but the Obama administration should agree to deal with environmental and labor commitments outside the formal trading framework in relevant institutions such as the ILO. Brown suggested that if the United States allowed resumption of the next round of sectoral discussions, it would create momentum for the rest of the world, including India, to re-engage in the discussions. Opening new sectoral discussions on Doha would garner the Administration international support without needing to make difficult political compromises or commitments for the time being.

¶9. (C) UK Secretary of State for International Development Douglas Alexander said it was important to find a way to move forward on the Doha Agreement. Trade discussions are like riding a bike, i.e., you have to keep moving forward or you fall down. If we do not proactively move forward and eventually come to a successful conclusion to the Doha round, the United States could be blamed in some quarters. The Doha round was meant to be the &development8 round of negotiations with significant aid from donor nations contingent upon the agreement's successful conclusion. If it did not pass, some governments that stand to lose aid, such as Brazil, would likely blame the United States.

¶10. (C) Vice President Biden did not commit on any of these issues but noted that labor interests in the United States were not satisfied and were looking to the Administration to establish its labor &bona fides.8 In a year, he said, movement on economic and trade issues would either be easier or impossible depending on the direction of the world economy.

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AFGHANISTAN/PAKISTAN

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¶11. (C) Turning to Afghanistan and Pakistan, Vice President Biden described the importance of combating terrorism and noted the different elements of the Obama administration's policy. First, the focus in Afghanistan is on Al Qaida. The Obama administration will not make an open-ended commitment to building freedom and democracy in Afghanistan because it is not realistic. Second, there is no real possibility of defeating Al Qaida without also dealing with Pakistan. Third, he recognized that the United States cannot solve the problem on its own. The whole world needed to engage.

¶12. (C) Vice President Biden said he worried that NATO countries in Europe underestimated the threat from the region and viewed the problem as an economic development issue rather than a security issue, despite the fact that Afghan opium is primarily exported to Europe and Europe has been the victim of several terrorist attacks originating from the region. Vice President Biden described the complex nature of the security problem in Afghanistan, commenting that &besides the demography, geography and history of the region, we have a lot going for us.8

¶13. (C) Vice President Biden noted that the current U.S. commitment of 63,000 troops to Afghanistan is the result of a vigorous internal policy debate and would not be sustainable politically for more than two years without visible signs of progress. After two years, the extraordinary cost of maintaining a robust military presence in Afghanistan would make additional commitment increasingly difficult. After Afghan elections the Administration intends to review the situation again. Currently there is little capacity for the Afghan government to execute many of the functions of government. In many areas of the country, local officials have close to no knowledge of how to govern or even basic knowledge of payroll or budget. Part of the reason the Taliban is strengthening is since the Taliban has the local capacity to settle basic disputes quickly while central government courts can take six to eight months to process a case.

¶14. (C) The idea of a strong rule of law under a centralized

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Karzai government was not realistic. New policy towards the Taliban should reflect the reality of the Afghan government's lack of capacity. Our policy should first aim to stabilize the urban areas and surrounding rural communities and then seek to exploit divisions within the Taliban, co-opting moderate elements rather than simply defeating militarily all elements of the Taliban.

¶15. (C) On Pakistan, Vice President Biden commented that it was difficult to convince Pakistan to commit to developing its counter-insurgency potential. The threat from India leads Pakistan to devote the bulk of its defense spending to conventional warfare capabilities. However, something must be done in the meantime. We need to develop our relationship with Pakistan beyond its current transactional nature to a long-term strategic partnership. We should begin with \$1.5 billion per year in economic assistance that is unconditional and supplement that with military assistance that is conditioned on the modernization of its command structure and active action in the field to combat insurgents. It would be difficult to convince Congress to support such a plan, particularly the unconditional civilian component.

¶16. (C) Vice President Biden noted that the United States wants to empower the UN and wants active European participation in resolving the threats in Pakistan and Afghanistan. With the exception of the UK and a few others, very few Europeans are taking action. Germany completely dropped the ball on police training but NATO countries should continue to provide assistance that is within their capacity to deliver.

¶17. (C) Brown agreed that there was a significant terrorist threat emanating from the region. More than 30,000 Pakistanis travel back and forth to the UK each year and two-thirds of the terrorist threats that UK security forces investigate originate in Pakistan -- including one on-going investigation. The roots of terrorism in Pakistan are complicated and go beyond the madrasas to, in some areas, a complete societal incitement to militancy. Zedari's commitment to combating terrorism is unclear, although he always says the right things.

¶18. (C) Brown agreed on the need for a shared commitment and noted that the only way to reduce the threat and eventually draw down NATO's commitment to the region was by increasing the capacity of Afghanistani and Pakistani security services. Dividing the Taliban would greatly reduce its effectiveness, though doing this made the Iraq problem look easy by comparison.

¶19. (S) Vice President Biden commented that Zedari had told him two months ago that ISI director &Kiyani will take me out.<sup>8</sup> Brown thought this unlikely and said that Kiyani did not want to be another Musharraf, rather he would give civilian leadership scope to function. However, he was wary of the Sharif brothers and Zedari.

¶20. (U) The Office of the Vice President cleared this message.  
SIMONS